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BEFORE THE ARIZONA CORPORATION COMMISSION

2015 JAN 23 A 10: 21

COMMISSIONERS

SUSAN BITTER SMITH, Chairman  
BOB STUMP  
BOB BURNS  
DOUG LITTLE  
TOM FORESE

ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL

Arizona Corporation Commission

DOCKETED

JAN 23 2015

DOCKETED BY

In the matter of

Michael J. Blake (CRD# 2022161), a  
married man.

Respondent.

DOCKET NO. S-20898A-13-0395

**SECURITIES DIVISION'S RESPONSE TO  
RESPONDENT BLAKE'S NOTICE OF  
COMPLETION OF FINRA SUSPENSION**

Assigned to Administrative Law  
Judge Marc E. Stern

The Securities Division ("Division") of the Arizona Corporation Commission ("Commission") responds to Respondent Michael J. Blake's notice of completion of FINRA suspension as follows:

The Division requests that Administrative Law Judge Marc E. Stern ("ALJ") deny Respondent's request. Respondent requests approval of his securities salesman and investment adviser representative license now because his FINRA suspension has ended.

The Commission's statutory grounds to revoke Mr. Blake's registration as a securities salesman and to deny his May 15, 2013, salesman application and October 2, 2013, investment adviser representative application is not changed. The issue litigated at trial was whether Mr. Blake was suspended by a Self-Regulatory Authority ("SRO") Financial Industry Regulatory Authority (FINRA) for greater than six (6) months, which he was since he was suspended for one year. Mr. Blake consented with FINRA to the following sanctions and fines: (a) a one-year suspension in all capacities from associating with any FINRA member firm; (b) a \$10,000 fine; and (c) that the sanctions shall be effective on the date set by FINRA staff. FINRA staff specified Mr.

1 Blake's timeframe of suspension was October 7, 2013, to October 6, 2014, wherein he may not be  
2 associated with any FINRA member in any capacity, including clerical or ministerial functions  
3 (hereafter "FINRA suspension"). Under the Securities Act A.R.S. § 44-1962(A)(8) and the  
4 Investment Management Act A.R.S. § 44-3201(A)(10), it is the duration of the suspension (greater  
5 than six months), not its expiration status, which provides the grounds for revocation, suspension,  
6 or denial. Otherwise Respondent would be awarded for delaying the administrative proceeding.

7 The timeframe of the FINRA suspension was known, discussed, and acknowledged during  
8 the April 2014 administrative hearing and in the following post-hearing briefs of the parties. A  
9 recommended opinion and order has not been issued in this matter and expiration of the FINRA bar  
10 does not provide Mr. Blake with grounds to set aside the administrative proceeding, void the need  
11 to await the ALJ's ruling or issuance of a recommended opinion and order, and take away this  
12 Commission's ability to address Mr. Blake's conduct. In essence, what Mr. Blake is seeking is that  
13 the Commission and the ALJ forget that the administrative hearing ever took place and to accept  
14 the discipline to which he agreed with a different regulator at a completely different time in order  
15 to allow him to begin conducting business as usual again. The Division disagrees.

16 The Commission action addresses Mr. Blake's registration and license with Arizona, not  
17 FINRA. Whether Mr. Blake should be revoked, denied, suspended, or approved is up to this  
18 Commission. When an industry standard is violated, a suspension or denial is warranted under  
19 Arizona law to deter future misconduct and this Commission will have any opportunity to address  
20 such conduct in the normal course of this proceeding. That decision is still under advisement and  
21 we should await the ALJ's recommended opinion and order ("ROO") and the Commission's  
22 decision to approve or reject the ROO.

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1 The Division asks that the Respondent's request that the "ACC to now grant his  
2 applications for registration as a securities salesman and an investment advisor representative" be  
3 denied.

4  
5 RESPECTFULLY SUBMITTED this 23rd day of January, 2015.

6 ARIZONA CORPORATION COMMISSION

7  
8 By 

Phong (Paul) Huynh

Attorney for the Securities Division of the  
Arizona Corporation Commission

9  
10 ORIGINAL and 8 copies of the foregoing filed  
this 23rd day of January, 2015, with:

11 Docket Control  
12 Arizona Corporation Commission  
1200 W. Washington St.  
13 Phoenix, AZ 85007

14 COPY of the foregoing hand-delivered  
15 this 23rd day of January, 2015, to:

16 The Honorable Marc E. Stern  
17 Administrative Law Judge  
Arizona Corporation Commission  
1200 W. Washington St.  
18 Phoenix, AZ 85007

19 COPIES of the foregoing sent via  
20 Email and U.S. Mail this 23rd day of January, 2015, to:

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